

EXHIBIT 2

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IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

NIKE, INC.,)
Plaintiff,)
)
)
vs.) Case No.:
) 1:22-cv-00983-VEC
STOCKX LLC,)
Defendant.)
_____)

HIGHLY CONFIDENTIAL - OUTSIDE ATTORNEYS' EYES ONLY
VIDEO-RECORDED 30(b)(6) DEPOSITION OF
HEATHER PAULSON
Portland, Oregon
Friday, January 6, 2023; 9:11 a.m.

REPORTED BY:
Victoria A. Guerrero, CSR, RPR, CRR
Job No. 5593361
Pages 1 through 291

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NIKE, INC.,)
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vs.) Case No.:
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STOCKX LLC,)
Defendant.)
_____)

BE IT REMEMBERED that, pursuant to Federal Rules of Civil Procedure, the 30(b)(6) deposition of HEATHER PAULSON taken on behalf of the Defendant was taken before Victoria A. Guerrero, Certified Shorthand Reporter, Registered Diplomate Reporter, Registered Merit Reporter, and Certified Realtime Reporter, on Friday, January 6, 2023, commencing at the hour of 9:11 a.m., at Stoel Rives LLP, 760 SW Ninth Avenue, Suite 3000, in the City of Portland, County of Multnomah, State of Oregon.

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1 your current role?

2 A Yes.

3 Q What is your current title?

4 A VP of Connected Marketplace.

5 Q As the VP of Connected Marketplace, you are
6 responsible for the Global New Commerce Business
7 which we've been discussing and Connected
8 Partnership?

9 A Yes.

10 Q What is Connected Partnership?

11 A Connected Partnership is how we extend Nike
12 Direct capabilities. So if you think about
13 connected membership and connected inventory to our
14 traditional partners.

15 So the ones that we talked about at the
16 beginning. So Dick's, Foot Lockers, Alano
17 (phonetic), the people who sell the bulk of our
18 product, we're figuring out how to reset and evolve
19 and bring to a new era, bring into a new era a
20 business model with our traditional partners.

21 Q And you mentioned connected membership.
22 What does that mean?

23 A It means our ability to know and serve
24 members wherever they're shopping across the
25 marketplace. So if you go to a Dick's Sporting

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1 Nike's digital goods business?

2 MR. MILLER: Objection to form.

3 THE WITNESS: No.

4 BY MR. FORD:

5 Q So we've talked a lot about various ways in
6 which Nike sells product directly to consumers. Do
7 you understand what I mean when I use the term
8 "secondary marketplace"?

9 MR. MILLER: Objection to form.

10 BY MR. FORD:

11 Q Or do you understand the term "secondary
12 marketplace"?

13 A I know how I would define it.

14 Q How would you define secondary marketplace?

15 A I would define it as a -- I would define it
16 as a marketplace that enables sales of product after
17 the first sale to, you know, match supply and
18 demand. So in Nike's case, the resale of sneakers.

19 Q And during your time at Nike, [REDACTED]

[REDACTED]

21 [REDACTED]

22 A [REDACTED]

23 MR. MILLER: Objection to form.

24 BY MR. FORD:

25 Q [REDACTED]

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1

2

3

MR. MILLER: Objection to form.

4

THE WITNESS: [REDACTED]

5

BY MR. FORD:

6

Q And what discussions do you recall being

7

involved in in 2015?

8

A [REDACTED]

9

10

11

12

13

MR. MILLER: Objection to form.

14

THE WITNESS: [REDACTED]

15

16

17

18

19

BY MR. FORD:

20

Q Just so I'm sure we understand each other,

21

when you say "heat" of the product, what do you

22

mean?

23

A How covetable our product is.

24

Q The demand for Nike products among

25

consumers?

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1 MR. MILLER: Objection to form.

2 THE WITNESS: I wouldn't phrase it that
3 way. That's more -- demand to us is how much
4 of the product sold. This is more about brand
5 heat and relevance.

6 BY MR. FORD:

7 Q Got it. When you say [REDACTED]
8 [REDACTED] " what do you mean?

9 MR. MILLER: Objection to form.

10 THE WITNESS: [REDACTED]
11 [REDACTED]
12 [REDACTED]
13 [REDACTED]
14 [REDACTED]

15 BY MR. FORD:

16 Q [REDACTED]
17 [REDACTED]
18 [REDACTED]
19 [REDACTED]

20 MR. MILLER: Objection to form.

21 THE WITNESS: I mean like in the AJ1
22 versus the AJ7 versus the Air Force 1, and
23 specifically the triple wide Air Force 1. [REDACTED]
24 [REDACTED]
25 [REDACTED]

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1 BY MR. FORD:

2 Q [REDACTED]

4 MR. MILLER: Objection to form.

5 THE WITNESS: Yes.

6 BY MR. FORD:

7 Q [REDACTED]

9 Q Who is Josh Lubner?

10 A At the time he was the CEO of Campless.

11 Q And other than Mr. Lubner and Campless, [REDACTED]

14 MR. MILLER: Objection to form.

15 THE WITNESS: I or my team did not.

16 BY MR. FORD:

17 Q What is Campless?

18 A Campless was a side project for Josh who
19 worked at IBM at the time that sold data mostly to
20 investment banks and other people on the price that
21 sneakers were trading for on secondary marketplaces.
22 At the time primarily eBay.

23 Q [REDACTED]

25 MR. MILLER: Objection to form.

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1

THE WITNESS: [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

5

BY MR. FORD:

6

Q [REDACTED]

[REDACTED]

Withdrawn. Let me restart that question.

8

[REDACTED]

10

MR. MILLER: Objection to form.

11

THE WITNESS: No. [REDACTED]

[REDACTED]

13

BY MR. FORD:

14

Q [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

18

MR. MILLER: Objection to form.

19

THE WITNESS: [REDACTED]

[REDACTED]

[REDACTED]

22

BY MR. FORD:

23

Q I'm trying to understand. [REDACTED]

[REDACTED]

[REDACTED]

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1 A Yes.

2 Q So let's start there.

3 A Yes.

4 Q [REDACTED]

[REDACTED]

[REDACTED]

7 MR. MILLER: Objection to form.

8 THE WITNESS: [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED]

[REDACTED]

[REDACTED]

20 BY MR. FORD:

21 Q Got it. That's, I think, what I was trying

22 to get at, [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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1 Sounds like it was the latter?

2 MR. MILLER: Objection to form.

3 THE WITNESS: [REDACTED]

4 [REDACTED]

5 [REDACTED]

6 [REDACTED]

7 [REDACTED]

8 BY MR. FORD:

9 Q [REDACTED]

10 [REDACTED]

11 MR. MILLER: Objection to form.

12 THE WITNESS: [REDACTED]

13 [REDACTED]

14 [REDACTED]

15 BY MR. FORD:

16 Q [REDACTED]

17 [REDACTED]

18 [REDACTED]

19 [REDACTED]

20 MR. MILLER: Objection to form.

21 THE WITNESS: I'm not aware.

22 BY MR. FORD:

23 Q [REDACTED]

24 [REDACTED]

25 MR. MILLER: Objection to form.

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1

THE WITNESS: [REDACTED]

2

3

4

BY MR. FORD:

5

Q And what -- let's take those separately.

6

[REDACTED] -- I guess
let me -- let me withdraw that and back up.

8

9

10

MR. MILLER: Objection to form.

11

THE WITNESS: Ongoing.

12

BY MR. FORD:

13

Q And during what time period beginning in

14

2015, [REDACTED]

15

16

MR. MILLER: Objection to form.

17

THE WITNESS: It concluded -- depends what

18

you mean by "conclude."

19

BY MR. FORD:

20

Q So you said it was ongoing?

21

A Yes.

22

Q Is it ongoing 'til today?

23

A No.

24

Q When did it cease?

25

A [REDACTED]

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1 And then I'm not sure exactly when it ceased. It
2 ceased after I left North America Analytics and
3 moved to my global role.

4 Q [REDACTED]

6 MR. MILLER: Objection to form.

7 THE WITNESS: I don't recall. If I had to
8 guess, [REDACTED]

14 BY MR. FORD:

15 Q Sure. [REDACTED]

17 MR. MILLER: Objection to form.

18 THE WITNESS: Yeah. [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED] I don't really remember.

23 BY MR. FORD:

24 Q But you weren't receiving it in realtime, I
25 guess --

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1 opportunity, do you recall [REDACTED]

[REDACTED]

3 A Oh, yes.

4 Q What was another one?

5 A [REDACTED]

[REDACTED]

7 Q And what does that refer to?

8 A [REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] [REDACTED]

[REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

23 Q [REDACTED]

[REDACTED] [REDACTED]

25 Q So just so I understand, the opportunity

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1 ends in 620, it reads, Nike is the most
2 counterfeited brand. Nike is the top selling
3 sneaker brand on the second market.

4 Is it your understanding that this
5 sentence, "Nike is the most counterfeited brand," is
6 with respect to all brands or sneaker brands or what
7 is the -- when it's the most counterfeited, do you
8 know what that's in relation to?

9 MR. MILLER: Objection to form.

10 THE WITNESS: I don't know what it's in
11 reference to. Could be either of the two
12 hypotheses you suggested.

13 BY MR. FORD:

14 Q Do you personally have any understanding as
15 to whether Nike is the most counterfeited brand in
16 general or just within a particular segment?

17 A I don't have personal knowledge. I know
18 that I have heard statements before and I've never
19 asked the clarifying question, is that within our
20 industry or broader?

21 Q But do you believe it's an accurate
22 statement that at least within some point of
23 reference Nike is the most counterfeited brand?

24 MR. MILLER: Objection to form.

25 THE WITNESS: We're the largest brand, so

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1 yes. It's consistent with that.

2 BY MR. FORD:

3 Q When you say "the largest brand" there, do
4 you mean largest brand within the sneaker industry?

5 MR. MILLER: Objection to form.

6 THE WITNESS: Yes. We're also the largest
7 apparel brand, but yes.

8 BY MR. FORD:

9 Q That's helpful. So your understanding is
10 Nike is the largest apparel brand as well as the
11 largest sneaker brand?

12 A Yes.

13 Q So is it your understanding also that Nike
14 is the most counterfeited sneaker brand?

15 MR. MILLER: Objection to form.

16 THE WITNESS: Is it my understanding. I
17 don't have specific facts on it, but it
18 certainly wouldn't surprise me. And I've heard
19 statements like that frequently in my time at
20 Nike.

21 BY MR. FORD:

22 Q From other Nike employees?

23 A Yes.

24 Q Including Nike Brand Protection employees?

25 A Including gray market employees. I can't

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1 exactly other than what's in the appendix. We
2 didn't talk about this specifically.

3 BY MR. FORD:

4 Q So if you look -- when you say the
5 appendix, do you mean these next --

6 A Yes.

7 Q -- three slides that refer to adidas, Blue
8 Bite, Foot Locker, GOAT.

9 A Yes.

10 Q Let me just take these in turn. Does Nike
11 consider adidas a competitor?

12 A Yes.

13 Q Does Nike consider Blue Bite a competitor?

14 A No.

15 Q Do you know what Blue Bite is?

16 A No.

17 Q Does Nike consider Foot Locker a
18 competitor?

19 A Probably. More a partner.

20 Q Do you know what GOAT is?

21 A Yes.

22 Q Does Nike consider GOAT a competitor?

23 A Probably not.

24 Q Does Nike consider StockX a competitor?

25 A Probably not.

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1 that we've been discussing?

2 A Yes.

3 Q And you write below that, [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

21 MR. MILLER: Objection to form.

22 THE WITNESS: I am the global leader of
23 new commerce partners. So I don't run every
24 partnership, but yes, I would consider them
25 part of the scope of my role.

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1 BY MR. FORD:

2 Q [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

16 Q Does your team -- actually, withdrawn.

17 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

21 MR. MILLER: Objection to form.

22 THE WITNESS: I don't think I understand
23 the question.

24 BY MR. FORD:

25 Q Sure. Let me try again. Do you have

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1 well as the SNKRS app?

2 A Yes. And mobile web, yes.

3 Q What was the difference between the Nike --
4 general Nike commerce app, as you put it, and the
5 SNKRS app?

6 MR. MILLER: Objection to form.

7 THE WITNESS: There are a lot of
8 differences. The experience is different, the
9 products sold there are different, the
10 consumers themselves are different.

11 BY MR. FORD:

12 Q In what way are the consumers different?

13 A I should actually say the occasion that is
14 served is different. This SNKRS app is more around
15 -- more maybe culturally leading, cultural pushing
16 styles that are oftentimes more allocated and it's
17 serving more that style of sport.

18 And our Nike app is more, we sell
19 sportswear there, too, but it's more serving the
20 performance occasion, people who want to run, people
21 who want to play soccer. And it's more grounded
22 there.

23 BY MR. FORD:

24 Q When you say that the SNKRS app has styles
25 that are oftentimes more allocated, what do you mean

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1 by "allocated"?

2 A [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

10 BY MR. FORD:

11 Q [REDACTED]

[REDACTED]

13 MR. MILLER: Objection to form.

14 THE WITNESS: I don't know that at any

15 level of detail. It's not in the scope of my

16 role.

17 BY MR. FORD:

18 Q That's fine. Why was the deck that we're

19 looking at here as Exhibit 7 put together?

20 A [REDACTED]

[REDACTED]

[REDACTED]

23 Q So this deck was put together in and around

24 April of 2019; is that right?

25 A Looks like it.

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BY MR. FORD:

Q I see. So less chicken and egg and more sort of iterative development of the business model alongside deeper learnings about consumer preferences?

A Yes.

Q The third bullet there says, it's -- not a bullet, but the third line says, [REDACTED]

■ **■** **■**

MR. MILLER: Objection. And I will caution the witness to answer that question without revealing any information that would have been given to you by counsel. So if you can answer the question without revealing any attorney-client communications, you can, but I'm giving you that caution.

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Q So there would have been a final version of this deck where these comments would have been resolved and removed?

MR. MILLER: Objection to form.

THE WITNESS: Yes. There should have been a final version of this deck. Although, at some point, as I said, we decided to move away from this. But I don't -- I don't remember when that was.

BY MR. FORD:

Q

7

11

7

114

5

11

MR. MILLER: Objection to form.

THE WITNESS: Pre-COVID. So sometime between May and, you know, September,

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1 outside the scope.

2 THE WITNESS: I did not. Nor the
3 additional 20, on slide 12, partners who are
4 mentioned.

5 BY MR. FORD:

6 Q There's a lot of partners in here.

7 A [REDACTED]

8 Q Okay. You can set that aside.

9 A I'd love to read this, actually. It's
10 fascinating.

11 Q So moving away from your 30(b)(6)
12 designated testimony since, I think, as you've
13 testified, [REDACTED]

14 [REDACTED] have you personally ever
15 purchased anything on StockX?

16 A I have.

17 Q What have you purchased on StockX?

18 A I purchased two AWOKs in the early days,
19 back in the day, as I was getting to know the
20 partner and understanding how they work, I like to
21 do that. And I also purchased a handful of Jordans
22 for my nephew.

23 Q I apologize for being less familiar with
24 the brands here. Can you maybe spell -- you said
25 you purchased two AWOKs?

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1 A Yeah. Very cool shoes. They're Anna
2 Wintour OKs. We did a collaboration with Anna
3 Wintour of Vogue and she signs everything she
4 approves of A-W-O-K.

5 Q Ah, I see.

6 A So they're Jordan, AJ1 and AJ3. So two of
7 our Jordan, like, kind of franchises. And then she
8 used her materials and her color and, you know,
9 they're her design.

10 Q And those are Nike shoes that were sold in
11 collaboration with Anna Wintour?

12 A Yes.

13 Q So other than the two AWOKs, what else did
14 you -- have you purchased on StockX?

15 A A handful of Jordans for my nephew, which
16 is -- Jordan is a Nike brand.

17 Q When you say a "handful," about how many?

18 A Two or three.

19 Q And during what time period did you make
20 those purchases?

21 A 2016 to last March.

22 Q When you say "last March," you mean March
23 of 2022?

24 A Yes.

25 Q Do you recall what the last purchase you

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1 made on StockX was?

2 A One of my nephew's Jordans.

3 Q Have you purchased anything on StockX
4 besides the Nike shoes that you just described?

5 A No. I don't believe so.

6 Q Have you ever sold anything on StockX?

7 A No.

8 Q Have you ever returned or disputed any of
9 the items you purchased on StockX?

10 A No.

11 Q Are you satisfied with your purchases from
12 StockX?

13 A Um, I like the AWOKs. Yeah.

14 Q Why weren't you able to purchase the AWOKs
15 from Nike directly?

16 A They were --

17 MR. MILLER: Objection to form.

18 THE WITNESS: [REDACTED]

[REDACTED] And to be honest, I didn't
20 even try in the initial sale and then saw them
21 around and decided I liked them, so hunted them
22 down.

23 BY MR. FORD:

24 Q And what about the Jordans you purchased
25 for your nephew, why did you buy them on StockX?

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1 MR. MILLER: Objection to form.

2 THE WITNESS: They were out of stock on
3 Nike.

4 BY MR. FORD:

5 Q Have you ever purchased anything from GOAT?

6 A That's a good question. I don't believe
7 so.

8 Q Have you ever purchased anything from
9 Stadium Goods?

10 A No.

11 Q Have you ever purchased anything from
12 Flight Club?

13 A No.

14 Q Have you ever purchased Nike products on
15 any secondary marketplace other than StockX?

16 A Yes.

17 Q What other marketplace?

18 A Farfetch.

19 Q What have you purchased -- what Nike
20 products have you purchased from Farfetch?

21 A Similarly some Jordans that I liked.

22 Q For yourself?

23 A For myself.

24 Q About how many?

25 A Two or three.